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INTERNATIONAL TELEX: 620976

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RECORDATION NO. 8771-B

Filed & Recorded

APR 4 1977-3 40 PM

INTERSTATE COMMERCE COMMISSION

RECORDATION NO. 8771

Filed & Recorded

APR 4 1977-3 40 PM

INTERSTATE COMMERCE COMMISSION

RECORDATION NO. 8771-C

Filed & Recorded

APR 4 1977-3 40 PM

INTERSTATE COMMERCE COMMISSION

RECORDATION NO. 8771-A

Filed & Recorded

APR 4 1977-3 40 PM

INTERSTATE COMMERCE COMMISSION

Dear Sir:

Herewith for recordation pursuant to Section 20c of the Interstate Commerce Act, on behalf of The Kansas City Southern Railway Company, are counterparts of the following:

- (1) Conditional Sale Agreement dated as of March 1, 1977, between Manufacturers National Bank of Detroit, as trustee, vendee, and ACF Industries, Incorporated, as builder, vendor.
- (2) Lease of Railroad Equipment dated as of March 1, 1977, between The Kansas City Southern Railway Company, as lessee, and Manufacturers National Bank of Detroit, as trustee, lessor.
- (3) Assignment of Lease and Agreement dated as of March 1, 1977, between Manufacturers Bank of Detroit, as trustee, lessor, vendee, and First Security Bank of Utah, National Association, as agent, vendor.
- (4) Agreement and Assignment dated as of March 1, 1977, between ACF Industries, Incorporated, as builder, and First Security Bank of Utah, as agent, assignee.

The addresses of the parties to the aforementioned agreements are:

*Carlyle E. Maw*  
*David Bromley*

Trustee-Vendee-Lessor:

Manufacturers National  
Bank of Detroit,  
100 Renaissance Center,  
Detroit, Michigan 48243.

Builder-Vendor:

ACF Industries, Incorporated,  
750 Third Avenue,  
New York, N. Y. 10017.

Lessee:

The Kansas City Southern Railway Company,  
114 West 11th Street,  
Kansas City, Missouri 64105.

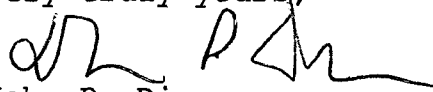
Agent-Vendor-Assignee:

First Security Bank of Utah,  
National Association,  
P. O. Box 3007,  
79 South Main Street,  
Salt Lake City, Utah 84125.

The equipment covered by the aforementioned agreements consists of 150 100-ton 60' 9" Box Cars, 200 100-ton 50' 6" Box Cars with lading anchors and 100 100-ton 50' 6" Box Cars with movable bulkheads bearing the road numbers of The Kansas City Southern Railway Company as listed in Schedule A hereto, and also bearing the legend "Ownership subject to a security agreement filed under the Interstate Commerce Act, Section 20c".

Enclosed is our check for \$100 for the required recordation fee. Please accept for recordation one counterpart of each of the enclosed agreements, stamp the remaining counterparts with your recordation number and return them to the delivering messenger along with your fee receipt, addressed to the undersigned.

Very truly yours,

  
John P. Dinn

Robert L. Oswald, Esq.,  
Secretary,  
Interstate Commerce Commission,  
Washington, D. C. 20423

Encls.

MM

# SCHEDULE A

<u>Type</u>	<u>Quantity</u>	<u>Lessee's Road Numbers</u>
100 Ton 60' 9" Box Cars	150	KCS 126004 KCS 126012 KCS 126021 KCS 126039 KCS 126047 KCS 126055 KCS 126063 KCS 126071 KCS 126080 KCS 126098 KCS 126101 KCS 126110 KCS 126128 KCS 126136 KCS 126144 KCS 126152 KCS 126161 KCS 126179 KCS 126187 KCS 126195 KCS 126209 KCS 126217 KCS 126225 KCS 126233 KCS 126241 KCS 126250 KCS 126268 KCS 126276 KCS 126284 KCS 126292 KCS 126306 KCS 126314 KCS 126322 KCS 126331 KCS 126349 KCS 126357 KCS 126365 KCS 126373 KCS 126381 KCS 126390

<u>Type</u>	<u>Quantity</u>	<u>Lessee's Road Numbers</u>
		KCS 126403
		KCS 126411
		KCS 126420
		KCS 126438
		KCS 126446
		KCS 126454
		KCS 126462
		KCS 126471
		KCS 126489
		KCS 126497
		KCS 126501
		KCS 126519
		KCS 126527
		KCS 126535
		KCS 126543
		KCS 126551
		KCS 126560
		KCS 126578
		KCS 126586
		KCS 126594
		KCS 126608
		KCS 126616
		KCS 126624
		KCS 126632
		KCS 126641
		KCS 126659
		KCS 126667
		KCS 126675
		KCS 126683
		KCS 126691
		KCS 126705
		KCS 126713
		KCS 126721
		KCS 126730
		KCS 126748
		KCS 126756
		KCS 126764
		KCS 126772
		KCS 126781
		KCS 126799
		KCS 126802
		KCS 126811
		KCS 126829

<u>Type</u>	<u>Quantity</u>	<u>Lessee's Road Numbers</u>
		KCS 126837
		KCS 126845
		KCS 126853
		KCS 126861
		KCS 126870
		KCS 126888
		KCS 126896
		KCS 126900
		KCS 126918
		KCS 126926
		KCS 126934
		KCS 126942
		KCS 126951
		KCS 126969
		KCS 126977
		KCS 126985
		KCS 126993
		KCS 127001
		KCS 127019
		KCS 127027
		KCS 127035
		KCS 127043
		KCS 127051
		KCS 127060
		KCS 127078
		KCS 127086
		KCS 127094
		KCS 127108
		KCS 127116
		KCS 127124
		KCS 127132
		KCS 127141
		KCS 127159
		KCS 127167
		KCS 127175
		KCS 127183
		KCS 127191
		KCS 127205
		KCS 127213
		KCS 127221
		KCS 127230
		KCS 127248
		KCS 127256

<u>Type</u>	<u>Quantity</u>	<u>Lessee's Road Numbers</u>
		KCS 127264
		KCS 127272
		KCS 127281
		KCS 127299
		KCS 127302
		KCS 127311
		KCS 127329
		KCS 127337
		KCS 127345
		KCS 127353
		KCS 127361
		KCS 127370
		KCS 127388
		KCS 127396
		KCS 127400
		KCS 127418
		KCS 127426
		KCS 127434
		KCS 127442
		KCS 127451
		KCS 127469
		KCS 127477
		KCS 127485
		KCS 127493
100 Ton	200	KCS 116009
50' 6"		KCS 116017
Box Cars		KCS 116025
With Lading		KCS 116033
Anchors		KCS 116041
		KCS 116050
		KCS 116068
		KCS 116076
		KCS 116084
		KCS 116092
		KCS 116106
		KCS 116114
		KCS 116122
		KCS 116131
		KCS 116149
		KCS 116157
		KCS 116165

<u>Type</u>	<u>Quantity</u>	<u>Lessee's Road Numbers</u>
		KCS 116173
		KCS 116181
		KCS 116190
		KCS 116203
		KCS 116211
		KCS 116220
		KCS 116238
		KCS 116246
		KCS 116254
		KCS 116262
		KCS 116271
		KCS 116289
		KCS 116297
		KCS 116301
		KCS 116319
		KCS 116327
		KCS 116335
		KCS 116343
		KCS 116351
		KCS 116360
		KCS 116378
		KCS 116386
		KCS 116394
		KCS 116408
		KCS 116416
		KCS 116424
		KCS 116432
		KCS 116441
		KCS 116459
		KCS 116467
		KCS 116475
		KCS 116483
		KCS 116491
		KCS 116505
		KCS 116513
		KCS 116521
		KCS 116530
		KCS 116548
		KCS 116556
		KCS 116564
		KCS 116572
		KCS 116581
		KCS 116599

<u>Type</u>	<u>Quantity</u>	<u>Lessee's Road Numbers</u>
		KCS 116602
		KCS 116611
		KCS 116629
		KCS 116637
		KCS 116645
		KCS 116653
		KCS 116661
		KCS 116670
		KCS 116688
		KCS 116696
		KCS 116700
		KCS 116718
		KCS 116726
		KCS 116734
		KCS 116742
		KCS 116751
		KCS 116769
		KCS 116777
		KCS 116785
		KCS 116793
		KCS 116807
		KCS 116815
		KCS 116823
		KCS 116831
		KCS 116840
		KCS 116858
		KCS 116866
		KCS 116874
		KCS 116882
		KCS 116891
		KCS 116904
		KCS 116912
		KCS 116921
		KCS 116939
		KCS 116947
		KCS 116955
		KCS 116963
		KCS 116971
		KCS 116980
		KCS 116998
		KCS 117005
		KCS 117013
		KCS 117021



<u>Type</u>	<u>Quantity</u>	<u>Lessee's Road Numbers</u>
		KCS 117030
		KCS 117048
		KCS 117056
		KCS 117064
		KCS 117072
		KCS 117081
		KCS 117099
		KCS 117102
		KCS 117111
		KCS 117129
		KCS 117137
		KCS 117145
		KCS 117153
		KCS 117161
		KCS 117170
		KCS 117188
		KCS 117196
		KCS 117200
		KCS 117218
		KCS 117226
		KCS 117234
		KCS 117242
		KCS 117251
		KCS 117269
		KCS 117277
		KCS 117285
		KCS 117293
		KCS 117307
		KCS 117315
		KCS 117323
		KCS 117331
		KCS 117340
		KCS 117358
		KCS 117366
		KCS 117374
		KCS 117382
		KCS 117391
		KCS 117404
		KCS 117412
		KCS 117421
		KCS 117439
		KCS 117447
		KCS 117455

<u>Type</u>	<u>Quantity</u>	<u>Lessee's Road Numbers</u>
		KCS 117463
		KCS 117471
		KCS 117480
		KCS 117498
		KCS 117501
		KCS 117510
		KCS 117528
		KCS 117536
		KCS 117544
		KCS 117552
		KCS 117561
		KCS 117579
		KCS 117587
		KCS 117595
		KCS 117609
		KCS 117617
		KCS 117625
		KCS 117633
		KCS 117641
		KCS 117650
		KCS 117668
		KCS 117676
		KCS 117684
		KCS 117692
		KCS 117706
		KCS 117714
		KCS 117722
		KCS 117731
		KCS 117749
		KCS 117757
		KCS 117765
		KCS 117773
		KCS 117781
		KCS 117790
		KCS 117803
		KCS 117811
		KCS 117820
		KCS 117838
		KCS 117846
		KCS 117854
		KCS 117862
		KCS 117871
		KCS 117889

<u>Type</u>	<u>Quantity</u>	<u>Lessee's Road Numbers</u>
		KCS 117897
		KCS 117901
		KCS 117919
		KCS 117927
		KCS 117935
		KCS 117943
		KCS 117951
		KCS 117960
		KCS 117978
		KCS 117986
		KCS 117994
100 Ton	100	KCS 151009
50' 6"		KCS 151017
Box Cars		KCS 151025
With		KCS 151033
Movable		KCS 151041
Bulkheads		KCS 151050
		KCS 151068
		KCS 151076
		KCS 151084
		KCS 151092
		KCS 151106
		KCS 151114
		KCS 151122
		KCS 151131
		KCS 151149
		KCS 151157
		KCS 151165
		KCS 151173
		KCS 151181
		KCS 151190
		KCS 151203
		KCS 151211
		KCS 151220
		KCS 151238
		KCS 151246
		KCS 151254
		KCS 151262
		KCS 151271
		KCS 151289
		KCS 151297

<u>Type</u>	<u>Quantity</u>	<u>Lessee's Road Numbers</u>
		KCS 151301
		KCS 151319
		KCS 151327
		KCS 151335
		KCS 151343
		KCS 151351
		KCS 151360
		KCS 151378
		KCS 151386
		KCS 151394
		KCS 151408
		KCS 151416
		KCS 151424
		KCS 151432
		KCS 151441
		KCS 151459
		KCS 151467
		KCS 151475
		KCS 151483
		KCS 151491
		KCS 151505
		KCS 151513
		KCS 151521
		KCS 151530
		KCS 151548
		KCS 151556
		KCS 151564
		KCS 151572
		KCS 151581
		KCS 151599
		KCS 151602
		KCS 151611
		KCS 151629
		KCS 151637
		KCS 151645
		KCS 151653
		KCS 151661
		KCS 151670
		KCS 151688
		KCS 151696
		KCS 151700
		KCS 151718
		KCS 151726

<u>Type</u>	<u>Quantity</u>	<u>Lessee's Road Numbers</u>
		KCS 151734
		KCS 151742
		KCS 151751
		KCS 151769
		KCS 151777
		KCS 151785
		KCS 151793
		KCS 151807
		KCS 151815
		KCS 151823
		KCS 151831
		KCS 151840
		KCS 151858
		KCS 151866
		KCS 151874
		KCS 151882
		KCS 151891
		KCS 151904
		KCS 151912
		KCS 151921
		KCS 151939
		KCS 151947
		KCS 151955
		KCS 151963
		KCS 151971
		KCS 151980
		KCS 151998

**Interstate Commerce Commission**  
Washington, D.C. 20423

4/4/77


OFFICE OF THE SECRETARY

John P. Dinn  
Cravath , Swaine & Moore  
One Chase Manhattan Plaza  
New York, N.Y. 10005

Dear Sir:

The enclosed document(s) was recorded pursuant to the  
provisions of Section 20(c) of the Interstate Commerce Act,  
49 U.S.C. 20(c), on 4/4/77 at 3:40pm ,  
and assigned recordation number(s) 8771, 8771-A, 8771-B, & 8771-C

Sincerely yours,

  
Robert L. Oswald  
Secretary

Enclosure(s)

SE-30  
(5/76)

8771

RECORDATION NO. .... Filed & Recorded

APR 4 1977 - 3 40 PM

INTERSTATE COMMERCE COMMISSION

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CONDITIONAL SALE AGREEMENT

Dated as of March 1, 1977

between

MANUFACTURERS NATIONAL BANK OF DETROIT, as  
Trustee under a Trust Agreement dated as of  
the date hereof with Ford Motor Credit Company

and

ACF INDUSTRIES, INCORPORATED

---

CONDITIONAL SALE AGREEMENT dated as of March 1, 1977, between ACF INDUSTRIES, INCORPORATED (hereinafter called the Vendor or Builder as more particularly set forth in Article 1 hereof), and MANUFACTURERS NATIONAL BANK OF DETROIT, acting as Trustee under a Trust Agreement dated as of the date hereof (hereinafter called the Trust Agreement) with FORD MOTOR CREDIT COMPANY, as beneficial owner (said bank, when acting in such capacity, being hereinafter called the Vendee and said owner being hereinafter called the Beneficiary).

WHEREAS the Builder agrees to construct, sell and deliver to the Vendee, and the Vendee agrees to purchase, the railroad equipment described in Annex B hereto (hereinafter called the Equipment); and

WHEREAS the Vendee is entering into a lease dated as of the date hereof with The Kansas City Southern Railway Company (hereinafter called the Lessee) in substantially the form annexed hereto as Annex C (hereinafter called the Lease); and

WHEREAS First Security Bank of Utah, National Association (hereinafter called the Assignee or the Vendor), is acting as agent for certain investors pursuant to the Participation Agreement dated as of the date hereof (hereinafter called the Participation Agreement), among the Assignee, the Vendee, the Lessee, the Beneficiary and the parties named in Schedule A thereto.

NOW, THEREFORE, in consideration of the mutual promises, covenants and agreements hereinafter set forth, the parties hereto do hereby agree as follows:

ARTICLE 1. Assignment; Definitions. The parties hereto contemplate that the Vendee will furnish that portion of the Purchase Price (as defined in Article 4 hereof) for the Equipment as is required under subparagraph (a) of the third paragraph of Article 4 hereof and that an amount equal to the balance of such Purchase Price shall be paid to the Builder by the Assignee pursuant to an Agreement and Assignment dated as of the date hereof between the Builder and the Assignee, as agent (such Agreement and Assignment being hereinafter called the Assignment).



The term "Vendor", whenever used in this Agreement, means, before any assignment of its rights hereunder, the party hereto which has manufactured the Equipment and any successor or successors for the time being to its manufacturing properties and business, and, after any such assignment, both any assignee or assignees for the time being of such particular assigned rights as regards such rights, and also any assignor as regards any rights hereunder that are retained or excluded from any assignment; and the term "Builder", whenever used in this Agreement, means, both before and after any such assignment, the party hereto which has manufactured the Equipment and any successor or successors for the time being to its manufacturing properties and business.

In case of such assignment, the Vendee will assign to the Vendor, as security for the payment and performance of all the Vendee's obligations hereunder, all right, title and interest of the Vendee in and to the Lease, pursuant to an Assignment of Lease and Agreement in the form of Annex D hereto (hereinafter called the Lease Assignment) and the Lessee shall consent thereto pursuant to a Consent and Agreement in the form attached to Annex D (hereinafter called the Consent).

ARTICLE 2. Construction and Sale. Pursuant to this Agreement, the Builder shall construct the Equipment at its plant set forth in Annex B hereto, and will sell and deliver to the Vendee, and the Vendee will purchase from the Builder and accept delivery of and pay for (as hereinafter provided), the Equipment, each unit of which shall be constructed in accordance with the specifications referred to in Annex B hereto and in accordance with such modifications thereof as may be agreed upon in writing between the Builder, the Vendee and the Lessee (which specifications and modifications, if any, are hereinafter called the Specifications). The design, quality and component parts of each unit of the Equipment shall conform, on the date of completion of manufacture thereof, to all United States Department of Transportation and Interstate Commerce Commission requirements and specifications and to all standards, if any, recommended by the Association of American Railroads reasonably interpreted as being applicable to railroad equipment of the character of such unit, and each such unit will be new railroad equipment when delivered to the Vendee.

ARTICLE 3. Inspection and Delivery. The Builder will deliver the units of the Equipment to the Vendee at the

place or places specified in Annex B hereto (or if Annex B does not specify a place or places, at the place or places designated from time to time by the Vendee), freight charges, if any, prepaid, in accordance with the delivery schedule set forth in Annex B hereto; provided, however, that delivery of any unit of the Equipment shall not be made until this Agreement and the Lease have been filed pursuant to Section 20c of the Interstate Commerce Act; and provided, further, that the Builder shall not deliver any unit of Equipment hereunder (i) subsequent to the commencement of any proceedings specified in clauses (c) or (d) of Article 15 hereof or the occurrence of any event of default (as described in Article 15 hereof), or event which, with the lapse of time and/or demand, could constitute such an event of default or (ii) unless the Builder shall have been notified by the Assignee that the conditions contained in Paragraph 7 of the Participation Agreement have been met and that funds are on deposit with the Assignee in an amount not less than 68.05% of the Purchase Price (as defined in Article 4 hereof) of the units to be delivered after April 21, 1977, and the Builder shall have been notified by the Vendee that the conditions contained in Paragraph 8 of the Participation Agreement have been met or waived or (iii) if the aggregate Purchase Price of the Equipment previously delivered and the Purchase Price (as estimated in good faith by the Builder as of the date of delivery) of any unit of Equipment to be delivered is in excess of the Maximum Purchase Price specified in Item 4 of Annex A hereto.

Any Equipment not delivered as a result of the first paragraph of this Article 3, and any Equipment not delivered and accepted hereunder on or prior to January 1, 1978, by reason of failure of condition as provided in the next preceding paragraph or clauses set forth in the next succeeding paragraph or otherwise, shall be excluded from this Agreement and the Vendee shall be relieved of its obligation to purchase and pay for such Equipment. If any Equipment shall be excluded herefrom pursuant to the immediately preceding sentence, the parties hereto shall execute an agreement supplemental hereto limiting this Agreement to the Equipment not so excluded herefrom. Pursuant to the Participation Agreement the Lessee has agreed to purchase such excluded Equipment, and any Equipment excluded from this Agreement pursuant to the first paragraph of Article 4 hereof, from the Builder as provided in Paragraph 1 of the Participation Agreement.

The Builder's obligation as to the time of delivery set forth in Annex B is subject, however, to delays resulting from causes beyond the Builder's reasonable control,

including but not limited to acts of God, acts of government such as embargoes, priorities and allocations, war or war conditions, riot or civil commotion, sabotage, strikes, differences with workmen, accidents, fire, flood, explosion, damage to plant, equipment or facilities, delays in receiving necessary materials or delays of carriers or subcontractors.

During construction, the Equipment shall be subject to inspection and approval by the authorized inspectors of the Vendee (who may be employees of the Lessee) and the Builder shall grant to such authorized inspectors reasonable access to its plant. The Builder agrees to inspect the materials used in the construction of the Equipment in accordance with the standard quality control practices of the Builder. Upon completion of each unit or a number of units of the Equipment, such unit or units shall be presented to an inspector of the Vendee for inspection at the place specified for delivery of such unit or units, and if each such unit conforms to the Specifications, requirements and standards applicable thereto, such inspector or an authorized representative of the Vendee (who may be an employee of the Lessee) shall execute and deliver to the Builder a certificate of acceptance (hereinafter called the Certificate of Acceptance) stating that such unit or units have been inspected and accepted on behalf of the Vendee and are marked in accordance with Article 9 hereof; provided, however, that the Builder shall not thereby be relieved of its warranties referred to in Article 13 hereof.

On delivery and acceptance of each such unit at the place specified for delivery, the Builder shall have no further responsibility for, nor bear any risk of, any damage to or the destruction or loss of such unit; provided, however, that the Builder shall not thereby be relieved of its warranties referred to in Article 13 hereof.

Notwithstanding the foregoing or any other provision of this Agreement to the contrary, the delivery to and acceptance by or on behalf of the Vendee of any unit of Equipment excluded from this Agreement pursuant to the first paragraph of Article 4 hereof shall be ineffective, ab initio, to create in or transfer to the Vendee any legal or beneficial right or interest in such unit or (except as provided in the first paragraph of Article 4 hereof) to impose on the Vendee any liability, obligation or responsibility with respect thereto; any right or interest in any such unit created in or transferred to, or purported to be created in or transferred to, the Vendee shall be held by the Vendee solely for the benefit of the Lessee.

ARTICLE 4. Purchase Price and Payment. The base price or prices per unit of the Equipment are set forth in Annex B hereto. Such base price or prices are subject to such increase or decrease as is agreed to by the Builder, the Vendee and the Lessee. The term "Purchase Price" as used herein shall mean the base price or prices as so increased or decreased as set forth in the Builder's invoice or invoices delivered to the Vendee and, if the Purchase Price is other than the base price or prices set forth in Annex B, the invoice or invoices shall be accompanied by, or have endorsed thereon, the agreement or approval of the Lessee and the Vendee (such invoice or invoices being hereinafter called the Invoices). If on any Closing Date (as hereinafter defined in this Article) the aggregate Purchase Price of Equipment for which settlement is then being made under this Agreement would, but for the provisions of this sentence, exceed the Maximum Purchase Price specified in Item 4 of Annex A hereto (or such higher amount as the Vendee may at its option agree to prior to delivery of any unit or units of Equipment that, but for such agreement, would be excluded from this Agreement), the Builder (and any assignee of the Builder) and the Vendee will enter into an agreement excluding from this Agreement such unit or units of Equipment then proposed to be settled for and specified by the Vendee, as will, after giving effect to such exclusion, reduce such aggregate Purchase Price under this Agreement to not more than the Maximum Purchase Price specified in Item 4 of Annex A hereto (or such higher amount as aforesaid) and the Vendee shall take such other steps, including the execution of instruments of transfer, as may be reasonably requested by the Lessee for the purpose of acknowledging and perfecting the interest of the Lessee in any unit of Equipment so excluded from this Agreement, and the Vendee shall have no further obligation or liability in respect of units so excluded.

The Equipment shall be settled for in such number of groups of units of the Equipment delivered to and accepted by the Vendee as is provided in Item 2 of Annex A hereto (each such group being hereinafter called a Group). The term "Closing Date" with respect to any Group shall mean such date (not earlier than April 21, 1977, and not later than January 1, 1978, such later date being herein called the Cut-Off Date), occurring not more than ten business days following presentation by the Builder to the Vendee of the Invoices and of the Certificate or Certificates of Acceptance for the Equipment and written notice thereof by the Builder to the Lessee, as shall be fixed by the Lessee by written

notice delivered to the Vendee and the Assignee at least six business days prior to the Closing Date designated therein. The term "business days" as used herein means calendar days, excluding Saturdays, Sundays and any other day on which banking institutions in New York, New York, Detroit, Michigan, or Salt Lake City, Utah are authorized or obligated to remain closed.

The Vendee hereby acknowledges itself to be indebted to the Vendor in the amount of, and hereby promises to pay in cash to the Vendor at such place as the Vendor may designate, the Purchase Price of the Equipment, as follows:

(a) on the Closing Date with respect to each Group (i) an amount equal to 31.95% of the aggregate Purchase Price of such Group plus (ii) the amount, if any, by which (x) 68.05% of the Purchase Price of the Equipment covered by this Agreement for which settlement has theretofore and is then being made, as set forth in the Invoice or Invoices therefor (said invoiced prices being herein called the Invoiced Purchase Prices), exceeds (y) the Maximum Conditional Sale Indebtedness specified in Item 5 of Annex A and any amount or amounts previously paid or payable with respect to the Invoiced Purchase Prices pursuant to this clause (ii); and

(b) in 30 semiannual instalments, as hereinafter provided, an amount equal to the aggregate Purchase Price of the units of Equipment for which settlement is then being made, less the aggregate amount paid or payable with respect thereto pursuant to subparagraph (a) of this paragraph.

The portion of the Purchase Price payable pursuant to subparagraph (b) of the preceding paragraph (herein called the Conditional Sale Indebtedness) shall be payable on each January 25 and July 25, commencing January 25, 1978, to and including July 25, 1992 (or if any such date is not a business day, on the next succeeding business day), each such date being hereinafter called a Payment Date. The unpaid balance of the Conditional Sale Indebtedness shall bear interest from the Closing Date in respect of which such indebtedness was incurred at the rate of 8-1/4% per annum. Such interest shall be payable, to the extent accrued, on July 25, 1977, and on each Payment Date thereafter. The instalments of principal payable on each Payment Date shall be calculated so that the amount and allocation of principal and interest payable on

each Payment Date shall be substantially in proportion to the amount and allocation of principal and interest on such Payment Date set forth in Schedule I hereto and the aggregate of such instalments of principal will completely amortize the remaining Conditional Sale Indebtedness. The Vendee will furnish to the Vendor and the Lessee promptly after the Closing Date a schedule, in such number of counterparts as shall be requested by the Vendor, showing the respective amounts of principal and interest payable on each Payment Date.

Interest under this Agreement shall be determined on the basis of a 360-day year of twelve 30-day months.

The Vendee will pay, to the extent legally enforceable, interest upon all amounts remaining unpaid after the same shall have become due and payable pursuant to the terms hereof at the rate of 9-1/4% per annum.

All payments provided for in this Agreement shall be made in immediately available or Federal funds in such coin or currency of the United States of America as at the time of payment shall be legal tender for the payment of public and private debts. Except as provided in Article 7 hereof, the Vendee shall not have the privilege of prepaying any portion of the Conditional Sale Indebtedness prior to the date it becomes due.

The Builder shall furnish to the Vendee the documents required to be furnished by the Builder pursuant to Section 4 of the Assignment in respect of the Group.

Notwithstanding any other provision of this Agreement (including, but not limited to, any provision of Articles 15 and 16 hereof), it is understood and agreed by the Vendor that the liability of the Vendee, the Beneficiary, or any assignee of the Vendee for all payments to be made by it under and pursuant to this Agreement, including any liability arising out of or in connection with the performance of its obligations hereunder and excluding only the obligations set forth in the proviso in the third paragraph of Article 12 hereof and the payments to be made pursuant to subparagraph (a) of the third paragraph of this Article, shall not exceed an amount equal to, and shall be payable only out of, the

"income and proceeds from the Equipment". As used herein the term "income and proceeds from the Equipment" shall mean (i) if one of the events of default specified in Article 15 hereof shall have occurred and while it shall be continuing, so much of the following amounts as are indefeasibly received by the Vendee or any assignee of the Vendee at any time after any such event and during the continuance thereof: (a) all amounts of rental and amounts in respect of Casualty Occurrences (as defined in Article 7 hereof) paid for or with respect to the Equipment pursuant to the Lease and any and all other payments received under § 10 or any other provision of the Lease and (b) any and all payments or proceeds received for or with respect to the Equipment as the result of the sale, lease or other disposition thereof, after deducting all costs and expenses of such sale, lease or other disposition, and (ii) at any other time only that portion of the amounts referred to in the foregoing clauses (a) and (b) as are indefeasibly received by the Vendee or any assignee of the Vendee and as shall equal the portion of the Conditional Sale Indebtedness (including prepayments thereof required in respect of Casualty Occurrences) and/or interest thereon due and payable on the date such amounts were required to be paid pursuant to the Lease or as shall equal any other payments then due and payable under this Agreement; it being understood that "income and proceeds from the Equipment" shall in no event include (x) amounts referred to in the foregoing clauses (a) and (b) received by the Vendee or any assignee of the Vendee prior to the existence of such an event of default which exceeded the amounts required to discharge that portion of the Conditional Sale Indebtedness (including prepayments thereof required in respect of Casualty Occurrences) and/or interest thereon due and payable on the date on which amounts with respect thereto received by the Vendee or any assignee of the Vendee were required to be paid to it pursuant to the Lease or which exceeded any other payments due and payable under this Agreement at the time such amounts were payable under the Lease or (y) payments by the Lessee to the Vendee or the Beneficiary pursuant to §§ 6 and 9 of the Lease (except to the extent that the Vendee is obligated to indemnify the Vendor under Articles 6 and 13 hereof) or (z) payments required to be made by the Lessee to the Vendee or the Beneficiary pursuant to the last paragraph of Paragraph 9 and pursuant to Paragraph 12 of the Participation Agreement. Notwithstanding anything to the contrary contained in Article 15 or 16 hereof, the Vendor agrees that in the event it shall obtain a judgment against the Vendee for an amount in excess of the amounts payable by the Vendee pursuant to the limita-

tions set forth in this paragraph, it will limit its execution of such judgment to amounts payable pursuant to the limitations set forth in this paragraph. Nothing contained herein limiting the liability of the Vendee shall derogate from the right of the Vendor to proceed against the Equipment for the full unpaid Purchase Price of the Equipment and accrued interest thereon and all other payments and obligations hereunder.

ARTICLE 5. Security Interest in the Equipment. The Vendor shall and hereby does retain a security interest in the Equipment until the Vendee shall have made all its payments under this Agreement and shall have kept and performed all its agreements herein contained, notwithstanding any provision of this Agreement limiting the liability of the Vendee and notwithstanding the delivery of the Equipment to and the possession and use thereof by the Vendee and the Lessee as provided in this Agreement and the Lease.

Except as otherwise specifically provided in Article 7 hereof, when and only when the Vendor shall have been paid the full indebtedness in respect of the Purchase Price of the Equipment, together with accrued interest and all other payments as herein provided, absolute right to the possession of, title to and property in the Equipment shall pass to and vest in the Vendee without further transfer or action on the part of the Vendor. However, the Vendor, if so requested by the Vendee and at the sole cost of the Vendee at that time, will (a) execute a bill or bills of sale for the Equipment releasing its security interest therein to the Vendee or upon its order, free of all liens, security interests and other encumbrances created or retained hereby and deliver such bill or bills of sale to the Vendee at its address referred to in Article 20 hereof, (b) execute and deliver at the same place, for filing, recording or depositing in all necessary public offices, such instrument or instruments in writing as may be necessary or appropriate in order then to make clear upon the public records the title of the Vendee to the Equipment and (c) pay to the Vendee any money paid to the Vendor pursuant to Article 7 hereof and not theretofore applied as therein provided. The Vendee hereby waives and releases any and all rights, existing or that may be acquired, in or to the payment of any penalty, forfeit or damages for failure to execute and deliver such bill or bills of sale or instrument or instruments or to file any certificate of payment in compliance with any law or statute requiring the filing of the same, except for failure to execute and deliver such bill or



bills of sale or instrument or instruments or to file such certificates within a reasonable time after written demand by the Vendee.

ARTICLE 6. Taxes. All payments to be made by the Vendee hereunder will be free of expense to the Vendor for collection or other charges and will be free of expense to the Vendor with respect to the amount of any local, state, Federal or foreign taxes (other than gross receipts taxes [except gross receipt taxes in the nature of or in lieu of sales or use or rental taxes], taxes measured by Vendor's net income, Vendor's value added taxes, excess profits taxes and similar taxes or general corporation, franchise or like taxes measured by Vendor's capital, capital stock or net worth) or license fees, assessments, charges, fines or penalties hereafter levied or imposed upon or in connection with or measured by this Agreement or any sale, rental, use, payment, shipment, delivery or transfer of title under the terms hereof (all such expenses, taxes, license fees, assessments, charges, fines and penalties being hereinafter called impositions), all of which such impositions the Vendee assumes and agrees to pay on demand in addition to the Purchase Price of the Equipment. The Vendee will also pay promptly all impositions which may be imposed upon the Equipment delivered to it or for the use or operation thereof (except as provided above) or upon the earnings arising therefrom (except as provided above) or upon the Vendor solely by reason of its security title therein (except as provided above) and will keep at all times all and every part of the Equipment free and clear of all impositions which might in any way affect the security interest of the Vendor or result in a lien upon any part of the Equipment; provided, however, that the Vendee shall be under no obligation to pay any impositions of any kind so long as it is contesting in good faith and by appropriate legal or administrative proceedings such impositions and the nonpayment thereof does not, in the reasonable opinion of the Vendor, adversely affect the security interest or property or rights of the Vendor in or to the Equipment or otherwise under this Agreement. If any impositions shall have been charged or levied against the Vendor directly and paid by the Vendor, the Vendee shall reimburse the Vendor upon presentation of an invoice therefor, and any amounts so paid by the Vendor shall be secured by and under this Agreement; provided, however, that the Vendee shall not be obligated to reimburse the Vendor for any impositions so paid unless the Vendor shall have been legally liable with respect thereto (as evidenced by an opinion of counsel for the Vendor) or unless the Vendee shall have approved in writing the payment thereof.

ARTICLE 7. Maintenance; Casualty Occurrences.

The Vendee shall, at its own cost and expense, maintain and keep each unit of the Equipment in good operating order, repair and condition, reasonable wear and tear excepted.

In the event that any unit of the Equipment shall be or become worn out, lost, stolen, destroyed, or irreparably damaged, from any cause whatsoever, or taken or requisitioned by condemnation for use or otherwise, except requisition for use by the United States Government for a stated period not in excess of the then remaining term of the Lease (such occurrences being herein called Casualty Occurrences), the Vendee shall promptly cause the Vendor to be fully informed in regard thereto. On the next succeeding date for the payment of interest on the Conditional Sale Indebtedness (hereinafter called a Casualty Payment Date), the Vendee shall pay to the Vendor a sum equal to the Casualty Value (as hereinafter defined in this Article) of such unit suffering a Casualty Occurrence as of the date of such payment and shall file, or cause to be filed, with the Vendor a certificate setting forth the Casualty Value of such unit. Any money paid to the Vendor pursuant to this paragraph shall be applied (after the payment of the interest and principal due on such date) to prepay without penalty or premium, ratably in accordance with the unpaid balance of each instalment, the Conditional Sale Indebtedness and the Vendee will promptly furnish to the Vendor and the Lessee a revised schedule of payments of principal and interest thereafter to be made, in such number of counterparts as the Assignee may request. In the event of the requisition for use by the United States Government of any unit of the Equipment not constituting a Casualty Occurrence, all of the Vendee's obligations hereunder with respect to such unit shall continue to the same extent as if such requisition had not occurred.

Upon payment by the Vendee to the Vendor of the Casualty Value of any unit of the Equipment having suffered a Casualty Occurrence, absolute right to the possession of, title to and property in such unit shall pass to and vest in the Vendee, without further transfer or action on the part of the Vendor, except that the Vendor, if requested by the Vendee, will execute and deliver to the Vendee, at the expense of the Vendee, an appropriate instrument confirming such passage to the Vendee of all the Vendor's right, title and interest, and the release of the Vendor's security interest, in such unit, in recordable form, in order that

the Vendee may make clear upon the public records the title of the Vendee to such unit.

The Casualty Value of each unit of the Equipment suffering a Casualty Occurrence shall be deemed to be that portion of the original Conditional Sale Indebtedness in respect of such unit remaining unpaid on the date as of which such Casualty Value shall be determined (without giving effect to any prepayment or prepayments theretofore made under this Article with respect to any other unit), plus interest accrued thereon but unpaid as of such date. For the purpose of this paragraph, each payment of the Conditional Sale Indebtedness in respect of Equipment made pursuant to Article 4 hereof shall be deemed to be a payment on each unit of the Equipment in like proportion as the original Conditional Sale Indebtedness in respect of such unit bears to the aggregate original Conditional Sale Indebtedness in respect of the Equipment.

The Vendee will at all times prior to the payment of the full indebtedness in respect of the Purchase Price of the Equipment, together with interest thereon and all other payments required hereby, cause to be carried and maintained insurance in respect of the Equipment at the time subject hereto, and public liability insurance, in amounts and against risks comparable in amounts and against risks insured against by the Lessee on similar equipment owned by it.

ARTICLE 8. Reports and Inspections. On or before March 31 in each year, commencing with the year 1978, the Vendee shall cause to be furnished to the Vendor an accurate statement (a) setting forth as at the preceding December 31 the amount, description and numbers of all units of the Equipment then subject to this Agreement, the amount, description and numbers of all units of the Equipment that have suffered a Casualty Occurrence during the preceding calendar year (or since the date of this Agreement in the case of the first such statement) or are then undergoing repairs (other than running repairs) or then withdrawn from use pending such repairs (other than running repairs) and setting forth such other information regarding the condition and state of repair of the Equipment as the Vendor may reasonably request and (b) stating that, in the case of all Equipment repaired or repainted during the period covered by such statement, the numbers and markings required by Article 9 hereof have been preserved or replaced. The Vendor shall have the right, by its agents, to inspect the Equipment and the Lessee's records with respect thereto at such reasonable

times as the Vendor may request during the term of this Agreement.

ARTICLE 9. Marking of the Equipment. The Vendee will cause each unit of the Equipment to be kept numbered with its identifying number as set forth in Annex B hereto, or, in the case of Equipment not there listed, such identifying number as shall be set forth in any amendment or supplement hereto extending this Agreement to cover such Equipment, and will keep and maintain, plainly, distinctly, permanently and conspicuously marked on each side of each unit, in letters not less than one inch in height, the words "Ownership subject to a security agreement filed under the Interstate Commerce Act, Section 20c", or other appropriate words designated by the Vendor, with appropriate changes thereof and additions thereto as from time to time may be required by law in order to protect the Vendor's interest in the Equipment and its rights under this Agreement. The Vendee will not permit any such unit to be placed in operation or exercise any control or dominion over the same until such markings have been made thereon and will replace promptly any such markings which may be removed, defaced or destroyed. The Vendee will not permit the identifying number of any unit of the Equipment to be changed except in accordance with a statement of new number or numbers to be substituted therefor, which statement previously shall have been filed with the Vendor and filed, recorded and deposited by the Vendee in all public offices where this Agreement shall have been filed, recorded and deposited.

Except as provided in the immediately preceding paragraph, the Vendee will not allow the name of any person, association or corporation to be placed on any unit of the Equipment as a designation that might be interpreted as a claim of ownership; provided, however, that the Equipment may be lettered with the names or initials or other insignia customarily used by the Lessee or its affiliates.

ARTICLE 10. Compliance with Laws and Rules. During the term of this Agreement, the Vendee will comply, and will cause every lessee or user of the Equipment to comply, in all respects (including, without limitation, with respect to the use, maintenance and operation of the Equipment) with all applicable laws of the jurisdictions in which its or such lessee's or user's operations involving the Equipment may extend, with the interchange rules of the Association of American Railroads and with all lawful rules of the United

States Department of Transportation, the Interstate Commerce Commission and any other legislative, executive, administrative or judicial body exercising any power or jurisdiction over the Equipment, to the extent that such laws and rules affect the title, operation or use of the Equipment, and in the event that such laws or rules require any alteration, replacement, addition or modification of or to any part on any unit of the Equipment, the Vendee will conform therewith at its own expense; provided, however, that the Vendee or the Lessee may, in good faith, contest the validity or application of any such law or rule in any reasonable manner which does not, in the reasonable opinion of the Vendor, adversely affect the property or rights of the Vendor under this Agreement.

ARTICLE 11. Possession and Use. The Vendee, so long as an event of default shall not have occurred and be continuing under this Agreement, shall be entitled, from and after delivery of the Equipment by the Builder to the Vendee, to the possession of the Equipment and the use thereof, but only upon and subject to all the terms and conditions of this Agreement.

The parties hereto acknowledge that the Vendee simultaneously is leasing the Equipment to the Lessee as provided in the Lease, and the rights of the Lessee and its permitted assigns under the Lease shall be subordinated and junior in rank to the rights, and shall be subject to the remedies, of the Vendor under this Agreement. The Lease shall not be amended or terminated (except in accordance with its terms) without the prior written consent of the Vendor.

ARTICLE 12. Prohibition Against Liens. The Vendee will pay or discharge any and all sums claimed by any party from, through or under the Vendee or its successors or assigns which, if unpaid, might become a lien, charge or security interest upon or with respect to the Equipment, or any unit thereof, or the Vendee's interests in the Lease and the payments to be made thereunder equal or superior to the Vendor's security interest therein, and will promptly discharge any such lien, charge or security interest which arises, but shall not be required to pay or discharge any such claim so long as the validity thereof shall be contested in good faith and by appropriate legal or administrative proceedings in any reasonable manner and the nonpayment thereof does not, in the reasonable opinion of the Vendor,

adversely affect the security interest of the Vendor in or to the Equipment or otherwise under this Agreement. Any amounts paid by the Vendor in discharge of such liens, charges or security interests upon the Equipment shall be secured by and under this Agreement.

This covenant will not be deemed breached by reason of liens for taxes, assessments or governmental charges or levies, in each case not due and delinquent, or undetermined or inchoate materialmen's, mechanics', workmen's, repairmen's or other like liens arising in the ordinary course of business and, in each case, not delinquent.

The foregoing provisions of this Article 12 shall be subject to the limitations set forth in the last paragraph of Article 4 hereof and the provisions of Article 21 hereof; provided, however, that the Vendee will pay or discharge any and all claims, liens, charges or security interests claimed by any party from, through or under the Vendee, the Beneficiary or their successors or assigns, not arising out of the transactions contemplated hereby (but including tax liens arising out of the receipt of the income and proceeds from the Equipment), equal or superior to the Vendor's security interest therein, which, if unpaid, would become a lien, charge or security interest on or with respect to the Equipment, or any unit thereof, or the Vendee's or Beneficiary's interests in the Lease and the payments to be made thereunder, but the Vendee shall not be required to pay or discharge any such claim so long as the validity thereof shall be contested in good faith and by appropriate legal or administrative proceedings in any reasonable manner and the nonpayment thereof does not, in the reasonable opinion of the Vendor, adversely affect the security interest of the Vendor in or to the Equipment or otherwise under this Agreement or in and to the Lease and the payments to be made thereunder.

ARTICLE 13. Indemnities and Warranties. The Vendee agrees to indemnify, protect and hold harmless the Vendor from and against all losses, damages, injuries, liabilities, claims and demands whatsoever, regardless of the cause thereof, and expenses in connection therewith, including, but not limited to, counsel fees and expenses, penalties and interest, arising out of or as the result of the entering into or the performance of this Agreement, the retention by the Vendor of a security interest in the Equipment, the ordering, acquisition, use, operation, condition, purchase,

delivery, rejection, storage or return of any of the Equipment, any accident, in connection with the operation, use, condition, possession, storage or return of any of the Equipment resulting in damage to property or injury or death to any person during the period while a security interest therein remains in the Vendor or during the period of the transfer of such security interest in the Equipment by the Vendor pursuant to any of the provisions of this Agreement, except however, in the case of the Builder, any losses, damages, injuries, liabilities, claims and demands whatsoever arising out of any tort by the Builder, or out of any breach of warranty or failure to perform any covenant hereunder by the Builder. This covenant of indemnity shall continue in full force and effect notwithstanding the full payment of the indebtedness in respect of the Purchase Price of, and the release of the security interest in, the Equipment, as provided in Article 5 hereof, or the termination of this Agreement in any manner whatsoever.

The Vendee will bear the responsibility for and risk of, and shall not be released from its obligations under this Agreement (except as provided in Articles 7 and 21 hereof) in the event of any damage to or the destruction or loss of any unit of or all the Equipment.

The Builder represents and warrants to the Vendee that, at the time of delivery and acceptance of each unit of the Equipment under this Agreement, the Vendee will have good and marketable title to such unit, free and clear of all claims, liens, security interests and other encumbrances of any nature except only the rights of the Vendor under this Agreement and the rights of the Lessee under the Lease.

Except in case of designs, processes or combinations specified by the Lessee and not developed or purported to be developed by the Builder, and articles and materials specified by the Lessee and not manufactured by the Builder, the Builder agrees to indemnify, protect and hold harmless the Vendee, and the Lessee, the Vendor and the Beneficiary, as third party beneficiaries, from and against any and all liability, claims, demands, costs, charges and expenses, including royalty payments and counsel fees, in any manner imposed upon or accruing against the Lessee, the Vendor, the Vendee and the Beneficiary because of the use in or about the construction or operation of the Equipment, or any unit thereof, of any design, process, combination, article or material infringing or claimed to infringe on any patent or

other right. The Vendee likewise will indemnify, protect and hold harmless the Builder from and against any and all liability, claims, demands, costs, charges and expenses, including royalty payments and counsel fees, in any manner imposed upon or accruing against the Builder because of the use in or about the construction or operation of the Equipment, or any unit thereof, of any design, process or combination specified by the Lessee and not developed or purported to be developed by the Builder, or article or material specified by the Lessee and not manufactured by the Builder, which infringes or is claimed to infringe on any patent or other right. The Builder agrees to and hereby does, to the extent legally possible without impairing any claim, right or cause of action hereinafter referred to, transfer, assign, set over and deliver to the Vendee and the Lessee every claim, right and cause of action which the Builder has or hereafter shall have against the originator or seller or sellers of any design, process, combination, article or material specified by the Lessee and used by the Builder in or about the construction or operation of the Equipment, or any unit thereof, on the ground that any such design, process, combination, article or material or operation thereof infringes or is claimed to infringe on any patent or other right, and the Builder further agrees to execute and deliver to the Vendee and the Lessee all and every such further assurances as may be reasonably requested by them more fully to effectuate the assignment, transfer and delivery of every such claim, right and cause of action. The Vendee will give notice to the Builder of any claim known to the Vendee on the basis of which liability may be charged against the Builder hereunder.

The Builder represents that it is not entering into this Agreement, or entering into any assignment of this Agreement, directly or indirectly in connection with any arrangement or understanding in any way involving any employee benefit plan (other than a governmental plan) with respect to which it is a party in interest, all within the meaning of the Employee Retirement Income Security Act of 1974.

The agreement of the parties relating to the Builder's warranty of material and workmanship is set forth in Item 3 of Annex A hereto.

ARTICLE 14. Assignments. The Vendee will not (a) except as provided in Article 11 hereof, transfer the



right to possession of any unit of the Equipment or (b) sell, assign, transfer or otherwise dispose of its rights under this Agreement without the prior written consent of the Vendor, except as provided in Article VII or Article VIII of the Trust Agreement.

All or any of the rights, benefits and advantages of the Vendor under this Agreement, including the right to receive the payments herein provided to be made by the Vendee, may be assigned by the Vendor and reassigned by any assignee at any time or from time to time, provided, however, that no such assignment shall be made to any person other than a recognized financial institution having a net worth, or capital and surplus, as the case may be, of at least \$25,000,000. No such assignment shall subject any assignee to, or relieve the Builder from, any of the obligations of the Builder to construct and deliver the Equipment in accordance herewith or to respond to its warranties and indemnities referred to in Article 13 hereof, or relieve the Vendee of its respective obligations to the Builder contained in Articles 2, 3, 4, 6 and 13 hereof, Annex A hereto and this Article 14, or any other obligation which, according to its terms or context, is intended to survive an assignment.

Upon any such assignment, either the assignor or the assignee shall give written notice to the Vendee and the Lessee, together with a counterpart or copy of such assignment, stating the identity and post office address of the assignee, and such assignee shall, by virtue of such assignment, acquire all the assignor's right, title and interest in and to the Equipment and this Agreement, or in and to a portion thereof, as the case may be, subject only to such reservations as may be contained in such assignment. From and after the receipt by the Vendee of the notification of any such assignment, all payments thereafter to be made by the Vendee under this Agreement shall, to the extent so assigned, be made to the assignee in such manner as it may direct.

The Vendee recognizes that this Agreement will be assigned to the Assignee as provided in the Assignment. The Vendee expressly represents, for the purpose of assurance to any person, firm or corporation considering the acquisition of this Agreement or of all or any of the rights of the Vendor hereunder, and for the purpose of inducing such acquisition, that the rights of the Assignee to the entire unpaid indebtedness in respect of the Purchase Price of the

Equipment or such part thereof as may be assigned together with interest thereon, as well as any other rights hereunder which may be so assigned, shall not be subject to any defense, setoff, counterclaim or recoupment whatsoever arising out of any breach of any obligation of the Builder with respect to the Equipment or the manufacture, construction, delivery or warranty thereof, or with respect to any indemnity herein contained, nor subject to any defense, setoff, counterclaim or recoupment whatsoever arising by reason of any other indebtedness or liability at any time owing to the Vendee or the Lessee by the Builder. Any and all such obligations, howsoever arising, shall be and remain enforceable by the Vendee or the Lessee, as the case may be, against and only against the Builder.

ARTICLE 15. Defaults. In the event that any one or more of the following events of default shall occur and be continuing, to wit:

(a) the Vendee shall fail to pay in full any sum payable by the Vendee when payment thereof shall be due hereunder (irrespective of the provisions of Article 4 or 21 hereof or any other provision of this Agreement limiting the liability of the Vendee) and such default shall continue for ten days after the date such payment became due and payable; or

(b) the Vendee (irrespective of the provisions of Article 4 or 21 hereof or any other provision of this Agreement limiting the liability of the Vendee) or the Lessee shall, for more than 30 days after the Vendor shall have demanded to the Lessee and the Vendee in writing performance thereof, fail or refuse to comply with any other covenant, agreement, term or provision of this Agreement, or of any agreement entered into concurrently herewith relating to the financing of the Equipment, on its part to be kept and performed or to make provision satisfactory to the Vendor for such compliance; or

(c) a petition for reorganization under Section 77 of the Bankruptcy Act, as now constituted or as said Section 77 may be hereafter amended, shall be filed by

or against the Lessee and, unless such petition shall have been dismissed, nullified, stayed or otherwise rendered ineffective (but then only so long as such stay shall continue in force or such ineffectiveness shall continue), all the obligations of the Lessee under the Lease and the Consent shall not have been and shall not continue to have been duly assumed in writing, pursuant to a court order or decree, by a trustee or trustees appointed (whether or not subject to ratification) in such proceedings in such manner that such obligations shall have the same status as obligations incurred by such trustee or trustees, within 30 days after such appointment, if any, or 60 days after such petition shall have been filed, whichever shall be earlier; or

(d) any other proceeding shall be commenced by or against the Vendee, in its capacity as Trustee under the Trust Agreement, or the Lessee for any relief which includes, or might result in, any modification of the obligations of the Vendee hereunder or of the Lessee under the Lease and the Consent under any bankruptcy or insolvency laws, or laws relating to the relief of debtors, readjustment of indebtedness, reorganizations, arrangements, compositions or extensions (other than a law which does not permit any readjustment of such obligations), and, unless such proceedings shall have been dismissed, nullified, stayed or otherwise rendered ineffective (but then only so long as such stay shall continue in force or such ineffectiveness shall continue), all the obligations of the Vendee under this Agreement or of the Lessee under the Lease and the Consent shall not have been and shall not continue to have been duly assumed in writing, pursuant to a court order or decree, by a trustee or trustees or receiver or receivers appointed (whether or not subject to ratification) for the Vendee or the Lessee, as the case may be, or for their respective property in connection with any such proceedings in such manner that such obligations shall have the same status as obligations incurred by such trustee or trustees or receiver or receivers, within 30 days after such appointment, if any, or 60 days after such proceedings shall have been commenced, whichever shall be earlier; or

(e) the Vendee shall make or permit any unauthorized assignment or transfer of this Agreement or any interest herein or any unauthorized transfer of the right to possession of any unit of the Equipment and the Vendee shall, for more than 30 days after demand in writing by the Vendor, fail to secure a reassignment or retransfer to the Vendee of such Agreement, interest or right; or

(f) an Event of Default shall have occurred under the Lease, provided, however, that an Event of Default under the Lease shall not be deemed to be an event of default hereunder if such default under the Lease causing such Event of Default thereunder is cured by the Vendee's remedying such default prior to the expiration of five business days after the date of the occurrence of such Event of Default under the Lease and provided, further, that a default in the payment of rental under the Lease will be deemed for the purpose of this clause to be cured if the Vendee shall have paid such rental to the Vendor within ten days after the date such payment became due and payable.

then at any time after the occurrence of such an event of default the Vendor may, upon written notice to the Vendee and the Lessee and upon compliance with any legal requirements then in force and applicable to such action by the Vendor, (i) cause the Lease immediately upon such notice to terminate (and the Vendee acknowledges the right of the Vendor to terminate the Lease), but without affecting the indemnities which by the provisions of the Lease survive its termination and/or (ii) declare (hereinafter called a Declaration of Default) the entire unpaid Conditional Sale Indebtedness, together with the interest thereon then accrued and unpaid, immediately due and payable, without further demand, and thereafter the aggregate of the unpaid balance of such indebtedness and interest shall bear interest from the date of such Declaration of Default at the rate per annum specified in Article 4 hereof as being applicable to amounts remaining unpaid after becoming due and payable, to the extent legally enforceable. Upon a Declaration of Default, subject to Article 4 hereof, the Vendor shall be entitled to recover judgment for the entire unpaid balance of the Conditional Sale Indebtedness so payable, with interest as aforesaid, and to collect such judgment out of any

property of the Vendee, subject to the provisions of Articles 4 and 21 hereof, wherever situated. The Vendee shall promptly notify the Vendor of any event which has come to its attention which constitutes, or with the giving of notice and/or lapse of time would constitute, an event of default under this Agreement.

The Vendor may, at its election, waive any such event of default and its consequences and rescind and annul any Declaration of Default or notice of termination of the Lease by notice to the Vendee and the Lessee in writing to that effect, and thereupon the respective rights of the parties shall be as they would have been if no such event of default had occurred and no Declaration of Default or notice of termination of the Lease had been made or given. Notwithstanding the provisions of this paragraph, it is expressly understood and agreed by the Vendee that time is of the essence of this Agreement and that no such waiver, rescission or annulment shall extend to or affect any other or subsequent default or impair any rights or remedies consequent thereon.

ARTICLE 16. Remedies. At any time during the continuance of a Declaration of Default, the Vendor may, and upon such further notice, if any, as may be required for compliance with any mandatory legal requirements then in force and applicable to the action to be taken by the Vendor, take or cause to be taken, by its agent or agents, immediate possession of the Equipment, or one or more of the units thereof, without liability to return to the Vendee any sums theretofore paid and free from all claims whatsoever, except as hereinafter in this Article 16 expressly provided, and may remove the same from possession and use of the Vendee or any other person and for such purpose may enter upon the premises of the Vendee or any other premises where the Equipment may be located and may use and employ in connection with such removal any supplies, services and aids and any available trackage and other facilities or means of the Vendee, subject to all mandatory requirements of due process of law.

In case the Vendor shall demand possession of the Equipment pursuant to this Agreement and shall designate a reasonable point or points for the delivery of the Equipment to the Vendor, the Vendee shall, at its own expense and risk:

(a) forthwith and in the usual manner (including, but not by way of limitation, causing prompt telegraphic and written notice to be given to the Association of American Railroads and all railroads to which any unit or units of the Equipment have been interchanged to return the unit or units so interchanged) cause the Equipment to be placed upon such storage tracks of the Lessee or any of its affiliates as the Vendor reasonably may designate;

(b) permit the Vendor to store the Equipment on such tracks at the risk of the Vendee without charge for insurance, rent or storage until the Equipment has been sold, leased or otherwise disposed of by the Vendor; and

(c) cause the Equipment to be transported to any reasonable place on the lines of railroad operated by the Lessee or any of its affiliates or to any connecting carrier for shipment, all as directed by the Vendor.

During any storage period, the Vendee will, at its own cost and expense, insure, maintain and keep each such unit in good order and repair and will permit the inspection of the Equipment by the Vendor, the Vendor's representatives and prospective purchasers, lessees and users. This agreement to deliver the Equipment and furnish facilities as hereinbefore provided is of the essence of the agreement between the parties, and upon the application to any court of equity having jurisdiction in the premises, the Vendor shall be entitled to a decree of specific performance hereof. The Vendee hereby expressly waives after a Declaration of Default any and all claims against the Vendor and its agent or agents for damages of whatever nature in connection with any retaking of any unit of the Equipment in any reasonable manner.

At any time during the continuance of a Declaration of Default, the Vendor (after retaking possession of the Equipment as hereinbefore in this Article 16 provided) may, upon such notice and consent, as is hereinafter set forth, retain the Equipment in satisfaction of the entire Conditional Sale Indebtedness and make such disposition thereof as the Vendor shall deem fit. Written notice of the Vendor's election to retain the Equipment shall be given to the Vendee and the Lessee by telegram or registered mail,

addressed as provided in Article 20 hereof, and to any other persons to whom the law may require notice, within 30 days after such Declaration of Default. In the event that the Vendor shall elect to retain the Equipment and the Vendee consents thereto in writing as described in the second proviso below, all the Vendee's rights in the Equipment shall thereupon terminate and all payments made by the Vendee or for its account may be retained by the Vendor as compensation for the use of the Equipment; provided, however, that if the Vendee, before the expiration of the 30-day period described in the proviso below, should pay or cause to be paid to the Vendor the total unpaid balance of the Conditional Sale Indebtedness, together with interest thereon accrued and unpaid and all other payments due under this Agreement, then in such event absolute right to the possession of, title to and property in the Equipment shall pass to and vest in the Vendee; provided, further, that if the Vendee, the Lessee or any other persons notified under the terms of this paragraph object in writing to the Vendor within 30 days from the receipt of notice of the Vendor's election to retain the Equipment, then the Vendor may not so retain the Equipment, but shall sell, lease or otherwise dispose of it or continue to hold it pending sale, lease or other disposition as hereinafter provided or as may otherwise be permitted by law. If the Vendor shall not have given notice to retain as hereinabove provided or notice of intention to dispose of the Equipment in any other manner, it shall be deemed to have elected to sell the Equipment in accordance with the provisions of this Article 16.

At any time during the continuance of a Declaration of Default, the Vendor, with or without retaking possession thereof, at its election and upon 30 days notice to the Vendee, the Lessee and any other persons to whom the law may require notice of the time and place, may sell the Equipment, or one or more of the units thereof, free from any and all claims of the Vendee, the Lessee or any other party claiming from, through or under the Vendee or the Lessee, at law or in equity, at public or private sale and with or without advertisement as the Vendor may determine; provided, however, that if, prior to such sale and prior to the making of a contract for such sale, the Vendee should tender full payment of the total unpaid balance of the Conditional Sale Indebtedness, together with interest thereon accrued and unpaid and all other payments due under this Agreement as well as expenses of the Vendor in retaking possession of, removing, storing, holding and preparing the Equipment for, and otherwise

arranging for, the sale and the Vendor's reasonable attorneys' fees, then upon receipt of such payment, expenses and fees by the Vendor, absolute right to the possession of, title to and property in the Equipment shall pass to and vest in the Vendee. The proceeds of such sale or other disposition, less the attorneys' fees and any other expenses incurred by the Vendor in retaking possession of, removing, storing, holding, preparing for sale and selling or otherwise disposing of the Equipment, shall be credited on the amount due to the Vendor under the provisions of this Agreement.

Any sale hereunder may be held or conducted at New York, New York, at such time or times as the Vendor may specify (unless the Vendor shall specify a different place or places, in which case the sale shall be held at such place or places as the Vendor may specify), in one lot and as an entirety or in separate lots and without the necessity of gathering at the place of sale the property to be sold, and in general in such manner as the Vendor may determine, so long as such sale shall be in a commercially reasonable manner. The Vendor or the Vendee may bid for and become the purchaser of the Equipment, or any unit thereof, so offered for sale. The Vendee and the Lessee shall be given written notice of such sale or the making of a contract for such sale not less than 30 days prior thereto, by telegram or registered mail addressed as provided in Article 20 hereof. If such sale shall be a private sale (which shall be deemed to mean only a sale where an advertisement for bids has not been published in a newspaper of general circulation or a sale where less than 40 offerees have been solicited in writing to submit bids), it shall be subject to the rights of the Vendee to purchase or provide a purchaser, within 15 days after notice of the proposed sale price, at the same price offered by the intending purchaser or a better price. In the event that the Vendor shall be the purchaser of the Equipment, it shall not be accountable to the Vendee or the Lessee (except to the extent of surplus money received as hereinafter provided in this Article 16), and in payment of the purchase price therefor the Vendor shall be entitled to have credited on account thereof all or any part of sums due to the Vendor hereunder.

Each and every power and remedy hereby specifically given to the Vendor shall be in addition to every other power and remedy hereby specifically given or now or hereafter existing at law or in equity, and each and every power and remedy may be exercised from time to time and simultaneously



and as often and in such order as may be deemed expedient by the Vendor except that the Vendor shall not be deemed to have the power or remedy to retain the Equipment in satisfaction of the Conditional Sale Indebtedness except as specifically provided in this Article 16. All such powers and remedies shall be cumulative, and the exercise of one shall not be deemed a waiver of the right to exercise any other or others. No delay or omission of the Vendor in the exercise of any such power or remedy and no renewal or extension of any payments due hereunder shall impair any such power or remedy or shall be construed to be a waiver of any default or an acquiescence therein. Any extension of time for payment hereunder or other indulgence duly granted to the Vendee or the Lessee shall not otherwise alter or affect the Vendor's rights or the Vendee's obligations hereunder. The Vendor's acceptance of any payment after it shall have become due hereunder shall not be deemed to alter or affect the Vendee's obligations or the Vendor's rights hereunder with respect to any subsequent payments or default therein.

If, after applying all sums of money realized by the Vendor under the remedies herein provided, there shall remain any amount due to it under the provisions of this Agreement, the Vendee shall, subject to the limitations of the last paragraph of Article 4 and the penultimate paragraph of Article 21 hereof, pay the amount of such deficiency to the Vendor upon demand, together with interest thereon from the date of such demand to the date of payment at the rate per annum specified in Article 4 hereof as being applicable to amounts remaining unpaid after becoming due and payable, and, if the Vendee shall fail to pay such deficiency, the Vendor may bring suit therefor and shall, subject to the limitations of the last paragraph of Article 4 hereof, be entitled to recover a judgment therefor against the Vendee. If, after applying as aforesaid all sums realized by the Vendor, there shall remain a surplus in the possession of the Vendor, such surplus shall be paid to the Vendee.

The Vendee will pay all reasonable expenses, including attorneys' fees, incurred by the Vendor in enforcing its remedies under the terms of this Agreement. In the event that the Vendor shall bring any suit to enforce any of its rights hereunder and shall be entitled to judgment, then in such suit the Vendor may recover reasonable expenses, including reasonable attorneys' fees, and the amount thereof shall be included in such judgment. The foregoing provisions of this paragraph shall be subject to the limitations of the last paragraph of Article 4 and the penultimate paragraph of Article 21 hereof.

The foregoing provisions of this Article 16 are subject in all respects to all mandatory legal requirements at the time in force and applicable thereto.

ARTICLE 17. Applicable State Laws. Any provision of this Agreement prohibited by any applicable law of any jurisdiction (which is not overridden by applicable Federal law) shall as to such jurisdiction be ineffective, without modifying the remaining provisions of this Agreement. Where, however, the conflicting provisions of any such applicable law may be waived, they are hereby waived by the Vendee to the full extent permitted by law, it being the intention of the parties hereto that this Agreement shall be deemed to be a conditional sale and enforced as such.

Except as otherwise provided in this Agreement, the Vendee, to the full extent permitted by law, hereby waives all statutory or other legal requirements for any notice of any kind, notice of intention to take possession of or to sell or lease the Equipment, or any one or more units thereof, and any other requirements as to the time, place and terms of the sale or lease thereof, any other requirements with respect to the enforcement of the Vendor's rights under this Agreement and any and all rights of redemption.

ARTICLE 18. Recording. The Vendee will cause this Agreement, any assignments hereof and any amendments or supplements hereto or thereto to be filed and recorded in accordance with Section 20c of the Interstate Commerce Act; and the Vendee will from time to time do and perform any other act and will execute, acknowledge, deliver, file, register, deposit and record any and all further instruments required by law or reasonably requested by the Vendor for the purpose of proper protection, to the satisfaction of counsel for the Vendor, of its interest in the Equipment and its rights under this Agreement or for the purpose of carrying out the intention of this Agreement; and the Vendee will promptly furnish to the Vendor certificates or other evidence of such filing, registering, depositing and recording satisfactory to the Vendor.

ARTICLE 19. Article Headings; Effect and Modification of Agreement. All article headings are inserted for convenience only and shall not affect any construction or interpretation of this Agreement.

Except for the Participation Agreement, this Agreement, including the Annexes hereto, exclusively and completely states the rights of the Vendor and the Vendee with

respect to the Equipment and supersedes all other agreements, oral or written, with respect to the Equipment. No variation or modification of this Agreement and no waiver of any of its provisions or conditions shall be valid unless in writing and signed by duly authorized representatives of the Vendor and the Vendee.

ARTICLE 20. Notice. Any notice hereunder to any of the parties designated below shall be deemed to be properly served if delivered or mailed to it by first class mail, postage prepaid, at the following addresses:

(a) to the Vendee, at 100 Renaissance Center, Detroit, Michigan 48243, attention of Corporate Agencies Administration, with a copy to ITEL Capital Services Corporation, One Embarcadero Center, San Francisco, California 94111, attention of Contract Administration,

(b) to the Lessee, at 114 West 11th Street, Kansas City, Missouri 64105,

(c) to the Builder, at the address specified in Item 1 of Annex A hereto,

(d) to the Beneficiary, at The American Road, Dearborn, Michigan 48121, attention of Vice President--CIR Financing,

(e) to any assignee of the Vendor, or of the Vendee, at such address as may have been furnished in writing to the Vendee, or the Vendor, as the case may be, and to the Lessee, by such assignee, with a copy to ITEL Capital Services Corporation, One Embarcadero Center, San Francisco, California 94111, attention of Contract Administration,

or at such other address as may have been furnished in writing by such party to the other parties to this Agreement.

ARTICLE 21. Immunities, Satisfaction of Undertakings. No recourse shall be had in respect of any obligation due under this Agreement, or referred to herein, against any incorporator, stockholder, director or officer, as such, past, present or future, of the parties hereto or the Beneficiary, whether by virtue of any constitutional provision, statute or rule of law, or by enforcement of any assessment or penalty or otherwise, all such liability, whether at common law, in equity, by any constitutional provision, statute or otherwise, of such incorporators, stockholders, directors

or officers, as such, being forever released as a condition of and as consideration for the execution of this Agreement.

The obligations of the Vendee under the second and eighth paragraphs of Article 16 and under Articles 3, 6, 7 (other than the second and third sentences of the second paragraph thereof), 8, 9, 10, 12 (other than the proviso to the last paragraph thereof) 13 and 18 hereof shall be deemed in all respects satisfied by the Lessee's undertakings contained in the Lease. The Vendee shall not have any responsibility for the Lessee's failure to perform such obligations, but if the same shall not be performed they shall constitute the basis for an event of default hereunder pursuant to Article 15 hereof. No waiver or amendment of the Lessee's undertakings under the Lease shall be effective unless joined in by the Vendor.

It is expressly understood and agreed by and between the parties hereto, anything herein to the contrary notwithstanding, that each and all of the representations, undertakings and agreements herein made on the part of the Vendee are each and every one of them made and intended not as personal representations, undertakings and agreements by Manufacturers National Bank of Detroit, or for the purpose or with the intention of binding the said bank personally but are made and intended for the purpose of binding only the Trust Estate as such term is used in the Trust Agreement, and this Agreement is executed and delivered by the said bank solely in the exercise of the powers expressly conferred upon the said bank as trustee under the Trust Agreement; and that no personal liability or personal responsibility is assumed by or shall at any time be asserted or enforceable against the said bank or the Beneficiary on account of any representation, undertaking or agreement of said bank acting in its capacity as Vendee, or the Beneficiary either expressed or implied, all such personal liability, if any, being expressly waived and released by the Vendor and by all persons claiming by, through or under the Vendor; provided, however, that the Vendor or any person claiming by, through or under the Vendor, making claim hereunder, may look to said Trust Estate for satisfaction of the same.

Except as specifically provided herein, the Vendee shall have the right to enforce its rights under the Participation Agreement and the Lease.

ARTICLE 22. Law Governing. The terms of this Agreement and all rights and obligations hereunder shall be governed by the laws of Michigan; provided, however,

that the parties shall be entitled to all rights conferred by Section 20c of the Interstate Commerce Act and such additional rights arising out of the filing, recording or deposit hereof, if any, and of any assignment hereof as shall be conferred by the laws of the several jurisdictions in which this Agreement or any assignment hereof shall be filed, recorded or deposited.

ARTICLE 23. Execution. This Agreement may be executed in any number of counterparts, such counterparts together constituting but one and the same contract, but the counterpart delivered to the Assignee pursuant to the Assignment shall be deemed the original and all other counterparts shall be deemed duplicates thereof. Although for convenience this Agreement is dated as of the date first above written, the actual date or dates of execution hereof by the parties hereto is or are, respectively, the date or dates stated in the acknowledgments hereto annexed.

IN WITNESS WHEREOF, the parties hereto have executed or caused this instrument to be executed all as of the date first above written.

ACF INDUSTRIES, INCORPORATED,

by

Dean A. Bowers  
Vice President

[Corporate Seal]

Attest:

[Signature]  
Assistant Secretary

MANUFACTURERS NATIONAL  
BANK OF DETROIT,  
as Trustee as aforesaid,

by

[Signature]  
Authorized Officer

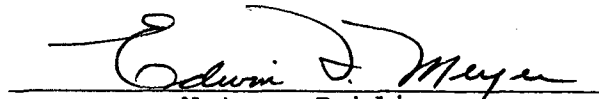
[Seal]

Attest:

[Signature]  
Authorized Officer

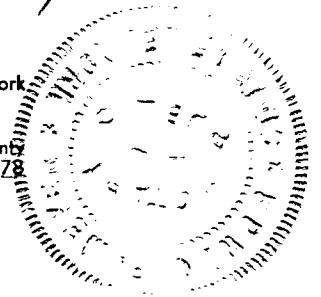
STATE OF NEW YORK, )  
 ) ss.:  
COUNTY OF NEW YORK, )

On this 4<sup>th</sup> day of April 1977, before me personally appeared IVAN A. BURNS, to me personally known, who being by me duly sworn, says that he is a Vice President of ACF INDUSTRIES, INCORPORATED, that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

  
Notary Public

My Commission expires

EDWIN F. MEYER  
NOTARY PUBLIC, State of New York  
No. 30-7917803  
Qualified in Nassau County  
Certificate filed in New York County  
Commission Expires March 30, 1978



STATE OF MICHIGAN, )  
COUNTY OF Wayne, ) ss.:

On this 1st day of April 1977, before me personally appeared DONALD E. BLACK, to me personally known, who being by me duly sworn, says that he is an authorized officer of MANUFACTURERS NATIONAL BANK OF DETROIT, that one of the seals affixed to the foregoing instrument is the seal of said national bank, that said instrument was signed and sealed on behalf of said national bank by authority of its Board of Directors and he acknowledged that the execution of the foregoing instrument was the free act and deed of said national bank.

Linda Nadeau  
Notary Public

My Commission expires

LINDA NADEAU  
Notary Public Wayne County, Mich.  
My Commission Expires Feb. 9, 1979

# SCHEDULE I

## Allocation Schedule of Each \$1,000,000 of Conditional Sale Indebtedness Payable in Instalments from January 25, 1978, Through July 25, 1992

<u>Date</u>	<u>Principal Balance*</u>	<u>Interest Payment**</u>	<u>Principal Recovery</u>	<u>Payment</u>
7/25/77	\$1,000,000.00			
1/25/78	975,487.61	\$41,250.00	\$24,512.39	\$65,762.39
7/25/78	949,964.08	40,238.86	25,523.53	65,762.39
1/25/79	923,387.71	39,186.02	26,576.37	65,762.39
7/25/79	895,715.06	38,089.74	27,672.65	65,762.39
1/25/80	866,900.92	36,948.25	28,814.14	65,762.39
7/25/80	836,898.19	35,759.66	30,002.73	65,762.39
1/25/81	805,657.85	34,522.05	31,240.34	65,762.39
7/25/81	773,128.85	33,233.39	32,529.00	65,762.39
1/25/82	739,258.03	31,891.57	33,870.82	65,762.39
7/25/82	703,990.03	30,494.39	35,268.00	65,762.39
1/25/83	667,267.23	29,039.59	36,722.80	65,762.39
7/25/83	629,029.61	27,524.77	38,237.62	65,762.39
1/25/84	589,214.69	25,947.47	39,814.92	65,762.39
7/25/84	547,757.41	24,305.11	41,457.28	65,762.39
1/25/85	506,974.01	22,594.99	40,783.40	63,378.39
7/25/85	464,508.30	20,912.68	42,465.71	63,378.39
1/25/86	426,261.85	19,160.97	38,246.45	57,407.42
7/25/86	386,437.73	17,583.30	39,824.12	57,407.42
1/25/87	350,833.34	15,940.56	35,604.39	51,544.95
7/25/87	313,760.27	14,471.88	37,073.07	51,544.95
1/25/88	280,908.08	12,942.61	32,852.19	45,794.80
7/25/88	246,700.74	11,587.46	34,207.34	45,794.80
1/25/89	216,718.82	10,176.41	29,981.92	40,158.33
7/25/89	185,500.14	8,939.65	31,218.68	40,158.33
1/25/90	156,383.54	7,651.88	29,116.60	36,768.48
7/25/90	126,065.88	6,450.82	30,317.66	36,768.48
1/25/91	95,736.23	5,200.22	30,329.65	35,529.87
7/25/91	64,155.48	3,949.12	31,580.75	35,529.87
1/25/92	32,725.81	2,646.41	31,429.67	34,076.08
7/25/92	.00	1,349.94	32,725.81	34,075.75

\* Principal column represents outstanding principal after payment.

\*\* The interest payment shown for the first payment date assumes that all the Equipment will have been settled for by July 25, 1977; in the event that any Equipment is closed on after such date, interest will be calculated in accordance with Article IV of the Conditional Sale Agreement.



ANNEX A  
to  
Conditional Sale Agreement

- Item 1: ACF Industries, Incorporated, 750 Third Avenue, New York, New York 10017.
- Item 2: The Equipment shall be settled for in not more than four Groups of units of Equipment delivered to and accepted by the Vendee unless a greater number shall be agreed to by the parties hereto.
- Item 3: The Builder warrants that the Equipment will be built in accordance with the requirements, specifications and standards set forth in Article 2 of the Conditional Sale Agreement to which this Annex A is attached (hereinafter called this Agreement) and warrants the Equipment will be free from defects in material (except as to specialties incorporated therein which were specified or supplied by the Lessee and not manufactured by the Builder) and workmanship under normal use and service, the Builder's obligation under this Item 3 being limited to making good at its factory any part or parts of any unit of the Equipment which shall be returned to the Builder with transportation charges prepaid, within one year after the delivery of such unit to the Vendee, and which the Builder's examination shall disclose to its satisfaction to have been thus defective. Except for the obligations and liabilities of the Builder under Articles 2, 3, 4, and 13 of the Agreement, the foregoing warranty of the Builder is expressly in lieu of all other warranties, express or implied, including any implied warranty of merchantability or fitness for a particular purpose, liability for lost profit or for indirect, incidental, consequential or commercial losses, and of all other obligations or liabilities, and the Builder neither assumes nor authorizes any person to assume for it any other liability in connection with the construction and delivery of the Equipment except as aforesaid. It is further understood and agreed that in no event shall the Builder be liable for indirect or consequential damages of any kind.

The Builder further agrees that neither the inspection as provided in Article 3 of this Agreement nor any examination nor the acceptance of any units of the Equipment as provided in said Article 3 shall be deemed a waiver or a modification by the Vendee of any of its rights under this Item 3.

Item 4: The Maximum Purchase Price referred to in Article 4 of the Agreement is \$14,955,136.

Item 5: The Maximum Conditional Sale Indebtedness referred to in Article 4 of the Agreement is attached is \$10,177,000.

ANNEX B  
to  
Conditional Sale Agreement

<u>Type</u>	<u>Builder's Specifications</u>	<u>Builder's Plant</u>	<u>Quantity</u>	<u>Unit Base Price</u>	<u>Total Base Price</u>	<u>Serial Numbers (Inclusive)</u>	<u>Estimated Time and Place of Delivery</u>
100 Ton 60' 9" Box Cars	Specification No. 11-06644 Rev. Feb. 11, 1977	St. Louis, Missouri	150	\$33,391.40	\$5,008,710.00	KCS 126004 KCS 126012 KCS 126021 KCS 126039 KCS 126047 KCS 126055 KCS 126063 KCS 126071 KCS 126080 KCS 126098 KCS 126101 KCS 126110 KCS 126128 KCS 126136 KCS 126144 KCS 126152 KCS 126161 KCS 126179 KCS 126187 KCS 126195 KCS 126209 KCS 126217 KCS 126225 KCS 126233 KCS 126241 KCS 126250 KCS 126268 KCS 126276 KCS 126284 KCS 126292	April 1977 at Bloomburg, Texas







<u>Type</u>	<u>Builder's Specifications</u>	<u>Builder's Plant</u>	<u>Quantity</u>	<u>Unit Base Price</u>	<u>Total Base Price</u>	<u>Serial Numbers (Inclusive)</u>	<u>Estimated Time and Place of Delivery</u>
						KCS 127329	
						KCS 127337	
						KCS 127345	
						KCS 127353	
						KCS 127361	
						KCS 127370	
						KCS 127388	
						KCS 127396	
						KCS 127400	
						KCS 127418	
						KCS 127426	
						KCS 127434	
						KCS 127442	
						KCS 127451	
						KCS 127469	
						KCS 127477	
						KCS 127485	
						KCS 127493	
100 Ton 50' 6" Box Cars With Lading Anchors	Specification No. 11-06843 Dated March 10, 1977	St. Louis, Missouri	200	\$31,191.00	\$6,238,200.00	KCS 116009 KCS 116017 KCS 116025 KCS 116033 KCS 116041 KCS 116050 KCS 116068 KCS 116076 KCS 116084 KCS 116092 KCS 116106 KCS 116114 KCS 116122 KCS 116131	April and May 1977 at Bloomburg, Texas

<u>Type</u>	<u>Builder's Specifications</u>	<u>Builder's Plant</u>	<u>Quantity</u>	<u>Unit Base Price</u>	<u>Total Base Price</u>	<u>Serial Numbers (Inclusive)</u>	<u>Estimated Time and Place of Delivery</u>
						KCS 116149	
						KCS 116157	
						KCS 116165	
						KCS 116173	
						KCS 116181	
						KCS 116190	
						KCS 116203	
						KCS 116211	
						KCS 116220	
						KCS 116238	
						KCS 116246	
						KCS 116254	
						KCS 116262	
						KCS 116271	
						KCS 116289	
						KCS 116297	
						KCS 116301	
						KCS 116319	
						KCS 116327	
						KCS 116335	
						KCS 116343	
						KCS 116351	
						KCS 116360	
						KCS 116378	
						KCS 116386	
						KCS 116394	
						KCS 116408	
						KCS 116416	
						KCS 116424	
						KCS 116432	
						KCS 116441	
						KCS 116459	
						KCS 116467	
						KCS 116475	



<u>Type</u>	<u>Builder's Specifications</u>	<u>Builder's Plant</u>	<u>Quantity</u>	<u>Unit Base Price</u>	<u>Total Base Price</u>	<u>Serial Numbers (Inclusive)</u>	<u>Estimated Time and Place of Delivery</u>
						KCS 116483	
						KCS 116491	
						KCS 116505	
						KCS 116513	
						KCS 116521	
						KCS 116530	
						KCS 116548	
						KCS 116556	
						KCS 116564	
						KCS 116572	
						KCS 116581	
						KCS 116599	
						KCS 116602	
						KCS 116611	
						KCS 116629	
						KCS 116637	
						KCS 116645	
						KCS 116653	
						KCS 116661	
						KCS 116670	
						KCS 116688	
						KCS 116696	
						KCS 116700	
						KCS 116718	
						KCS 116726	
						KCS 116734	
						KCS 116742	
						KCS 116751	
						KCS 116769	
						KCS 116777	
						KCS 116785	
						KCS 116793	
						KCS 116807	
						KCS 116815	

<u>Type</u>	<u>Builder's Specifications</u>	<u>Builder's Plant</u>	<u>Quantity</u>	<u>Unit Base Price</u>	<u>Total Base Price</u>	<u>Serial Numbers (Inclusive)</u>	<u>Estimated Time and Place of Delivery</u>
						KCS 116823	
						KCS 116831	
						KCS 116840	
						KCS 116858	
						KCS 116866	
						KCS 116874	
						KCS 116882	
						KCS 116891	
						KCS 116904	
						KCS 116912	
						KCS 116921	
						KCS 116939	
						KCS 116947	
						KCS 116955	
						KCS 116963	
						KCS 116971	
						KCS 116980	
						KCS 116998	
						KCS 117005	
						KCS 117013	
						KCS 117021	
						KCS 117030	
						KCS 117048	
						KCS 117056	
						KCS 117064	
						KCS 117072	
						KCS 117081	
						KCS 117099	
						KCS 117102	
						KCS 117111	
						KCS 117129	
						KCS 117137	
						KCS 117145	
						KCS 117153	



<u>Type</u>	<u>Builder's Specifications</u>	<u>Builder's Plant</u>	<u>Quantity</u>	<u>Unit Base Price</u>	<u>Total Base Price</u>	<u>Serial Numbers (Inclusive)</u>	<u>Estimated Time and Place of Delivery</u>
						KCS 117501	
						KCS 117510	
						KCS 117528	
						KCS 117536	
						KCS 117544	
						KCS 117552	
						KCS 117561	
						KCS 117579	
						KCS 117587	
						KCS 117595	
						KCS 117609	
						KCS 117617	
						KCS 117625	
						KCS 117633	
						KCS 117641	
						KCS 117650	
						KCS 117668	
						KCS 117676	
						KCS 117684	
						KCS 117692	
						KCS 117706	
						KCS 117714	
						KCS 117722	
						KCS 117731	
						KCS 117749	
						KCS 117757	
						KCS 117765	
						KCS 117773	
						KCS 117781	
						KCS 117790	
						KCS 117803	
						KCS 117811	
						KCS 117820	
						KCS 117838	

<u>Type</u>	<u>Builder's Specifications</u>	<u>Builder's Plant</u>	<u>Quantity</u>	<u>Unit Base Price</u>	<u>Total Base Price</u>	<u>Serial Numbers (Inclusive)</u>	<u>Estimated Time and Place of Delivery</u>
						KCS 117846	
						KCS 117854	
						KCS 117862	
						KCS 117871	
						KCS 117889	
						KCS 117897	
						KCS 117901	
						KCS 117919	
						KCS 117927	
						KCS 117935	
						KCS 117943	
						KCS 117951	
						KCS 117960	
						KCS 117978	
						KCS 117986	
						KCS 117994	
100 Ton 50' 6" Box Cars With Movable Bulk- heads	Specification No. 11-06844 Dated March 10, 1977	St. Louis, Missouri	100	\$35,656.00	\$3,565,600.00	KCS 151009 KCS 151017 KCS 151025 KCS 151033 KCS 151041 KCS 151050 KCS 151068 KCS 151076 KCS 151084 KCS 151092 KCS 151106 KCS 151114 KCS 151122 KCS 151131 KCS 151149 KCS 151157	April 1977 at Bloomburg, Texas

<u>Type</u>	<u>Builder's Specifications</u>	<u>Builder's Plant</u>	<u>Quantity</u>	<u>Unit Base Price</u>	<u>Total Base Price</u>	<u>Serial Numbers (Inclusive)</u>	<u>Estimated Time and Place of Delivery</u>
						KCS 151165	
						KCS 151173	
						KCS 151181	
						KCS 151190	
						KCS 151203	
						KCS 151211	
						KCS 151220	
						KCS 151238	
						KCS 151246	
						KCS 151254	
						KCS 151262	
						KCS 151271	
						KCS 151289	
						KCS 151297	
						KCS 151301	
						KCS 151319	
						KCS 151327	
						KCS 151335	
						KCS 151343	
						KCS 151351	
						KCS 151360	
						KCS 151378	
						KCS 151386	
						KCS 151394	
						KCS 151408	
						KCS 151416	
						KCS 151424	
						KCS 151432	
						KCS 151441	
						KCS 151459	
						KCS 151467	
						KCS 151475	
						KCS 151483	
						KCS 151491	



<u>Type</u>	<u>Builder's Specifications</u>	<u>Builder's Plant</u>	<u>Quantity</u>	<u>Unit Base Price</u>	<u>Total Base Price</u>	<u>Serial Numbers (Inclusive)</u>	<u>Estimated Time and Place of Delivery</u>
						KCS 151840	
						KCS 151858	
						KCS 151866	
						KCS 151874	
						KCS 151882	
						KCS 151891	
						KCS 151904	
						KCS 151912	
						KCS 151921	
						KCS 151939	
						KCS 151947	
						KCS 151955	
						KCS 151963	
						KCS 151971	
						KCS 151980	
						KCS 151998	